

Janet Lunceford

From: MONTGOMERY, MELISSA [MELISSA.MONTGOMERY@dnr.wa.gov]
Sent: Tuesday, May 08, 2007 3:26 PM
To: Alan Gardner; Jenny Scott; TAllen@ci.bainbridge-isl.wa.us; Steve Mount; Janet Lunceford; Coleman, Dorine (GOV); Shannon Hoffman; Gary Covington; Brucem@portolympia.com; cwiegardt@portofilwaco.com; Warter, Dave; Priddy.Lynda@epamail.epa.gov; Endsley, Mike; Thomas Blair; Frenzl, Stephan; Martin.L.Smith@uscg.mil; Rubina D. Leraas; Trip McConkey; Parrington, Kevin MST2; foster.e.robinson@uscg.mil; Terry McGee; sheryl.lux@metrokc.gov; Jennifer Henning
Cc: RECHNER, MICHAL; DZINBAL, SARAH; CHAVEY, JANE; DURKIN, MONICA; ZORA, CRAIG; SOTO, SHANNON; PALAZZI, DAVID
Subject: Derelict vessel legislative and budget update
Attachments: 6044-S2.PL.pdf; SB 6044 Summary.doc

To the friends and users of the Derelict Vessel Removal Program,

There are some positive changes to the derelict vessel removal program as a result of Engrossed Substitute **Senate Bill 6044** that passed the legislature on the last day of the session and was signed by the Governor yesterday. The bill was sponsored by Senator Rockefeller (Kitsap County) and Senator Swecker (Thurston County). I have attached a section by section summary of the bill. Full text can be found in the attached PDF.

There were many versions of this bill; here is a short summary of the final version:

This bill creates new funding sources for the derelict vessel removal program to enable the program to pursue removal of some of the larger vessels and to reduce the backlog of smaller vessels by adding a temporary \$1 surcharge to recreational boat licenses and by providing the authority to transfer funds from the watercraft excise tax to the derelict vessel removal account (via the general fund). The bill gives marina owners the authority to partner with local governments to remove derelicts in their marina. The bill also adds "imminent threat to human health & safety, including environmental contamination" to the list of reasons an authorized public entity can take temporary possession of a vessel; adds a definition for "vessel"; makes grammatical fixes to the statute, and requires DNR to make sure a reasonable effort has been made to find the vessel's owner. Finally, the bill requires DNR to study 1) alternate funding sources and 2) to look at disposal and removal alternatives for large vessels. Both studies are to be done in cooperation with the other agencies named in the bill and relevant stakeholders.

The **07-09 budget** that was issued by the Legislature (but has not yet been signed by the governor) includes a generous budget for the DVRP including:

- Our appropriation from last year (\$1.137 million)
- \$2 million for large vessel removal (watercraft excise tax via the general fund)*
- \$1 million from the general fund for the Lake Washington Drydocks
- \$500,000 from the derelict vessel removal account for the Lake Washington Drydocks (these were funds collected but not appropriated in the original year of the program)
- The budget did not include appropriation of the money from the \$1 surcharge but that should be available for supplemental budget request next year.

Finally, our **fiscal year ends June 30, 2007**. If you have conducted removals, have exhausted efforts to find the owner, and are currently sitting on your request for reimbursement please send them in by mid June. We will be spending the entire balance of the account this year so some of the lower priority reimbursements may be carried over into next fiscal year.

*For those of you asking what this means for the large vessels nearest to your heart (or nearest to your heart attack): I'm working on a timeline for the Ked and Drydocks first and will go on from there. I'll broadcast loudly when I get to your particularly least favorite boat. Of course, this assumes that the Governor signs the budget.

Thanks to everyone who worked so hard on this leg session, especially Michal Rechner for keeping on top of the derelict vessel issues in their multiple iterations!

<<6044-S2.PL.pdf>>

<<SB 6044 Summary.doc>>

Cheers,

Melissa Montgomery

Derelict Vessel Removal Program

Washington Dept. of Natural Resources

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4/22/2008



BREMERTON-008398

Janet Lunceford

From: MELISSA MONTGOMERY [melissa.montgomery@wadnr.gov]
Sent: Wednesday, October 12, 2005 4:28 PM
To: COURTNEY WASSON; DERRICK TOBA; FRAN McNAIR; LOREN STERN; MARK MAUREN; RICK MRAZ; SARAH DZINBAL; TOM GIBBONS
Cc: Janet Lunceford; trip.pennplaza@comcast.net; RWAL461@ECY.WA.GOV; DDeVilbiss@gdiving.com; JANE CHAVEY
Subject: Ked pictures

Attachments: sheen from ked friend.jpg; 5gallon buckets.jpg; batteries.jpg; deck towards bow.jpg; deck.jpg; growth on bottom of Ked.jpg; interior bunks.jpg; ked deck.jpg; keds friend.jpg

 sheen from ked friend.jpg (103...
 5gallon buckets.jpg (184 KB)
 batteries.jpg (133 KB)
 deck towards bow.jpg (223 KB)
 deck.jpg (177 KB)
 growth on bottom of Ked.jpg (1...
 interior bunks.jpg (154 KB)

 into engine room.jpg (132 KB)
 ked deck.jpg (169 KB)
 keds friend.jpg (20 KB)

Here are the pictures I took on the Ked yesterday. They include two pictures of the sunken boat next to the Ked, visible only as a shadow at low tide and from the drip sheen. Per the briefing with Global and the Coast Guard yesterday, Ked Hazmats removed by Global included 15 marine batteries, a refrigerator, large CO2 canister, fire extinguishers, paint cans and 5 gallon buckets of misc. The 5 gallon buckets containing oil will be removed next week when the vessel is pumped. Global found an estimated 30,000 gallons of oil and oily water on board. They are estimating that 15,000 of that is oil. While I'm not sure what the integrity of the hull looks like, the rest of the vessel walls appear to be in better condition than I would have expected given its rusty appearance from shore. Three of four hatches leading to the central holds are open to the rain and have water (approx 2-3 feet) contaminated with a small amount of oil. The fore and aft holds have the majority of the oil. Aft cabins have not been exposed to the rain. The interior is a mess but not stacked with junk (especially in comparison to the Cactus). The engine room was relatively clean. On Tuesday and Wednesday next week Global will lift the small vessel, secure anchors on the Ked, and pump off the oil and oily water using a derrick barge for their base. They will be doing several tasks concurrently in order to minimize mobilization costs.

Melissa

Melissa Montgomery
Aquatic Land Manager
Washington Dept. of Natural Resources
950 Farman Ave N
Enumclaw, WA 98022-9282
360-825-1631 x2020

>>> RICK MRAZ 10/11/2005 11:32:04 AM >>>
FYI:

DNR, via the Derelict Vessel Removal Program, and the U.S. Coast Guard began pollution remediation and stabilization of the derelict vessel KED today. Melissa Montgomery was aboard during this initial phase, the purpose of which was to identify quantities of fuel and oil, remove MTCA materials, and confirm a plan for securely anchoring the vessel. She will provide a more detailed account of the various HAZMATs aboard. Suffice to say there were a lot more fluids, oils, batteries, paints, etc. than was first suspected. In addition, it has become apparent that the smaller vessel moored and sunk alongside the KED is sheening regularly. It was also noted that the KED's swing radius covers the small boat and it appears that the KED is occasionally contacting and crushing it. These factors, combined with the fact that a large barge will be needed to remove the

quantities of fluids aboard, have made immediate removal of the small boat a necessity. The barge cannot moor alongside the KED for an extended period with the sunken boat present.

I am coordinating with the Coast Guard on this issue and will continue to provide updates as the situation develops.

Rick

Rick Mraz
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WASHINGTON STATE DEPARTMENT OF
Natural Resources
Doug Sutherland - Commissioner of Public Lands

REQUEST FOR PROPOSALS, Case #KP05-005
(Transport and Disposal of M/V Fletcher J, aka KED)

PURPOSE: Washington State Department of Natural Resources (DNR) is accepting proposals and plans for the transport and disposal of the M/V Fletcher J, a.k.a. KED, a 151-foot steel hulled tanker, currently at anchor in the Port Washington Narrows. The project will be conducted in accordance with Revised Code of Washington (RCW) 79.100.

VESSEL LOCATION: The vessel is anchored on state-owned bedlands just east of the Port Washington Narrows Marina, at the 1805 Thompson Drive, Bremerton, WA, 98624. Proposals will not be considered that offer disposal of the vessel in its existing location. The vessel should be transported to an NPDES-permitted shipyard or similar facility for demolition. Please contact the DNR Proposals Coordinator, listed at the end of this document, with questions.

PROPOSAL DUE DATE: To be considered, proposals must be submitted to the DNR Proposals Coordinator listed at the end of this document no later than **4:30 pm on Friday April 28, 2006**. Postmarks as proof of date received by DNR will not be accepted. E-mail and fax copies are acceptable. (Please note that all proposals submitted are subject to disclosure under the Public Records Act—RCW 42.17.250).

EXPECTED PERIOD FOR CONTRACT: Monday May 22nd through Friday June 23th 2006.

CONTRACTOR SELECTION: Proposals (content described below) will be received from contractors who are licensed to do business in the state of Washington. The proposals for transport and disposal will be reviewed for their ability to derive some monetary value from the vessel, either in whole or in scrap, and to be accomplished in an environmentally sound manner, at the most reasonable cost, and in accordance with federal, state, and local laws including the State solid waste disposal provisions embodied in RCW 70.95 and asbestos projects in RCW 49.26. DNR reserves the right to reject any of the proposals for budgetary reasons, or unexpected alternatives to disposing of the vessel, such as outright sale to an appropriate party. This RFP is not a solicitation of offers to purchase the vessel. Any such offers must be submitted separately.

Proposals and disposal plans will not be accepted from contractors that do not inspect the vessel. The Scope of Work section contains important information regarding this vessel and special circumstances associated with its salvage and/or disposal. Inspection of the vessel by a representative of the contractor is required and must be coordinated through the DNR Proposals Coordinator below. The vessel will be available for inspection from Monday March 27 to Friday April 28, 2006 between the hours of 9:00am and 5:00pm. This long window of time is provided

to allow contractors full opportunity for a thorough inspection. The inspection will not be supervised or proctored by DNR. Contractors must access the vessel by their own methods and at their own risk. Vessel location and access information is located at the end of this RFP. During the inspection, contractors should make a thorough effort to identify the hazardous materials onboard; the submitted proposal should list the likely waste streams and identify their proposed destinations. A verification of vessel inspection is attached to this RFP. Contractors must complete and submit this verification with their bids.

Bidders will be informed whether they submitted the apparent successful proposal by 5:00pm on Friday May 5th 2006.

HISTORY AND SCOPE OF WORK: The Contractor will be responsible for the transport and disposal of the merchant vessel M/V Fletcher J, a.k.a. KED that was taken into custody by DNR on November 2, 2005, after its owner violated an administrative order issued by the United States Coast Guard (USCG). The vessel is currently anchored in the Port Washington Narrows, east of the Port Washington Narrows marina, however, disposal will not be authorized in this location. The Port Washington Narrows is a high current waterway and the vessel is located in an area with limited access. The vessel should be transported to an NPDES-permitted shipyard or similar facility for demolition. Proposals that include in-water dismantling and disposal will not be considered unless they are consistent with permits and authorizations held by the contractor or the demolition facility.

The vessel is approximately 151 feet long with a gross tonnage reported by the USCG of 440 tons. Approximately 27,000 gallons of oil and oily water were pumped from the vessel during a coordinated emergency action conducted jointly by the USCG and DNR. Three cubic yards of hazardous materials were also removed from the vessel. The holding compartments were steam cleaned subsequent to the offloading of the oil. Some small quantities of contaminated bilge water and oil may still be onboard. The vessel's accommodation cabins, engine room, and internal bulkheads may contain asbestos. It is possible that other hazardous materials exist onboard. The Contractor will be responsible for the identification and disposal of any hazardous materials found onboard the vessel and must take all reasonable and prudent measures to ensure containment of any hazardous materials to the immediate vicinity of the work area. The Contractor should conduct a hazardous materials survey prior to beginning the actual disposal work—waste streams should be identified and inventoried to allow segregation during the disposal. Any materials testing will be the responsibility of the Contractor. The Contractor must also ensure that the marine environment is not adversely affected by any activity associated with vessel removal and/or disposal.

The contractor will be responsible for obtaining all necessary permits and authorizations from the USCG associated with vessel transport. The Contractor shall identify for DNR the proposed location where the vessel will be moved, provide a copy of the permit authority of the location to receive and dispose of the vessel and written assurance that the landowner will accept the presence of the vessel. The Contractor will also provide to DNR a U.S. Coast Guard-approved tow plan.

The vessel is currently anchored by four 2,000-pound Danforth anchors, each with 90 feet of 1 1/8 inch chain. These anchors, chain and associated hardware are the property of Global Diving and Salvage, Inc.(Global) and are being rented by DNR. They are to be removed and recovered intact and returned to Global. The proposal must address this element. DNR will assist the Contractor with coordination of the return of the anchors and chains. There may also be two additional anchors, whose chains are visible and routed through the forward hawseholes. The condition of these anchors is unknown and they are part of the salvage effort. No special consideration is required for them. **Work must be completed by June 23rd, 2006.**

VALUABLE MATERIALS: The proceeds of the sale of any part(s) of the vessel—its scrap value—or of equipment found on the vessel will be remitted to DNR. The contractor may keep any part(s) of the vessel or equipment found on the vessel deemed to be of value only after making full payment to DNR for the part(s) or equipment. The contractor may also accept part(s) of the vessel or equipment found on the vessel as partial payment for services rendered to DNR under this contract. Both the contractor and DNR must agree to the value, in writing, of any items sold or kept by the contractor prior to the start of work. Value gained from the sale of parts of the vessel as scrap, must be inventoried, but can be taken as partial payment for services rendered to DNR under this contract.

RELATED CONTRACT PROVISIONS: The winning contractor is required to pay prevailing wages to its workers, file a performance security bond, and purchase the necessary insurances. Insurance requirements have been increased for this project as compared to recent vessel removals and disposals. The security performance bond must be equal in value to the total contract amount (the amount bid in the proposal). Alternately, a Letter of Credit for the contract amount, naming the State as beneficiary. A Letter of Credit must comply with Title 62A RCW, Article 5. A savings account assignment may substitute for a performance bond. All insurance and surety bonds should be issued by companies admitted to do business within the State of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best's Reports. Performance security bonds and proof of insurances must be provided within ten (10) business days of successful bid (by 5pm Friday May 19, 2006).

The required insurances are:

Commercial General Liability (CGL)

With a limit of not less than Five Million dollars (\$5,000,000) per each occurrence. If such CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the "each occurrence" limit. CGL insurance shall have products-completed operations aggregate limit of at least two times the "each occurrence" limit.

CGL insurance shall be written on Insurance Services Office (ISO) occurrence form CG 00 01 (or a substitute form providing equivalent coverage). All insurance shall cover liability arising out of premises, operations, independent contractors, products completed operations, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another party assumed in a business contract), and contain separation of insured (cross liability) condition.

Workers' Compensation Coverage.

Contractor shall comply with all State of Washington workers' compensation statutes and regulations. Workers' compensation coverage shall be provided for all employees of Contractor and employees of any subcontractor or sub-subcontractor. Coverage shall include bodily injury (including death) by accident or disease, which exists out of or in connection with the performance of this agreement. Except as prohibited by law, Contractor waives all rights of subrogation against State for recovery of damages to the extent they are covered by workers' compensation, employer's liability, commercial general liability, or commercial umbrella liability insurance.

If Contractor, subcontractor or sub-subcontractor fails to comply with all State of Washington workers' compensation statutes and regulations and State incurs fines or is required by law to provide benefits to or obtain coverage for such employees, Contractor shall indemnify State. Indemnity shall include all fines, payment of benefits to Contractor or subcontractor employees, or their heirs or legal representatives, and the cost of effecting coverage on behalf of such employees.

Longshore and Harbor Worker's Insurance

Certain work or services under this agreement may require insurance coverage for longshore and harbor workers other than seaman as provided in the Longshore and Harbor Worker's Compensation Act [33 U.S.C.A. Section 901 et seq.]. Failure to obtain coverage in the amount required by law may result in civil and criminal liabilities. Contractor is fully responsible for ascertaining if such insurance is required and shall maintain insurance in compliance with this Act. Contractor is responsible for all civil and criminal liability that may arise from the failure to maintain such coverage.

Jones Act

Certain work or services under this agreement may require insurance coverage for seaman injured during employment resulting from negligence of the owner, master or fellow crew members as provided in 46 U.S.C.A. Section 688. Failure to obtain coverage in the amount required by law may result in civil and criminal liabilities. Contractor is fully responsible for ascertaining if such insurance is required and shall maintain insurance in compliance with this Act. Contractor is responsible for all civil and criminal liability that may arise from the failure to maintain such coverage.

Environmental Impairment and Contractor's Pollution Liability Insurance. Contractor shall maintain in force for the duration of this contract insurance covering losses caused by pollution conditions that arise from the operations of the contractor described under the scope of services of this agreement. Insurance shall apply to bodily injury; property damage, including loss of use of damaged property or of property that has not been physically injured; cleanup costs, and defense, including cost and expenses incurred in the investigation, defense, or settlement of claims. The insurance policy affording these required coverages shall be written in an amount of at least Five Million dollars (\$5,000,000) per loss, with an annual aggregate of at least Ten Million dollars (\$10,000,000) if the contract is for the removal of a single vessel. If the contract is for the removal of multiple vessels, the per loss limits remain unchanged, but an annual aggregate of at least Ten Million dollars (\$10,000,000) is required. The insurance policy shall be endorsed to include as additional insured the State of Washington, Department of Natural Resources, its officers and employees. An insurer acceptable to the Department shall write the policy of insurance.

If coverage is written on a claims-made basis, the Contractor warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this agreement, and that continuous coverage will be maintained or an extended discovery period will be exercised for a period of 36 months beginning from the time that work under the contract is completed. If the scope of services as defined in the agreement includes the disposal of any hazardous or non-hazardous materials from the job site, the Contractor must furnish to the Department evidence of pollution legal liability insurance maintained by the disposal site operator for losses arising from the insured facility accepting waste under this agreement. Coverage certified to the Department must be maintained in minimum amounts of One Million dollars (\$1,000,000) per loss, with an annual aggregate of at least Five Million dollars (\$5,000,000).

Business Auto Policy (BAP).

Lessee shall maintain business auto liability and, if necessary, commercial umbrella liability insurance with a limit not less than Two Million dollars (\$2,000,000) per accident. Such insurance shall cover liability arising out of "Any Auto." Business auto coverage shall be written on ISO form CA 00 01, or substitute liability form providing equivalent coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage and cover a "covered pollution cost or expense" as provided in the 1990 or later editions of CA 00 01. Lessee waives all rights against State for the recovery of damages to the extent they are covered by business auto liability or commercial umbrella liability insurance.

The vessel disposal operations must take place in accordance with all applicable federal (OSHA) and state (WISHA and L&I) regulations, including the solid waste disposal provisions of RCW 70.95. The vessel should be transported to an NPDES-permitted shipyard or similar facility for demolition.

PAYMENT TERMS: Invoices will be paid within 30 days following receipt of properly completed invoice vouchers. Invoices will show a clear breakdown of the costs, and should include hazardous waste handling and disposal receipts; landfill disposal receipts, and receipts for ancillary costs.

PROPOSAL COMPONENTS: Proposals for the transport, demolition and disposal of M/V Fletcher J, a.k.a. KED, submitted under this request for proposals must address each of the following elements to be considered:

Element #		Element to be addressed
1. Company Information	1.1	Contractor's business name, address, principal place of business, telephone number, fax number, website address, Federal Employer Tax Identification number (FTIN) or Washington Uniform Business Identification number (UBI)
	1.2	Contact details for Contractor's Project Manager, including e-mail address
	1.3	List of previous work experience in the vessel salvage/disposal field
2. Technical Proposal	2.1	Detailed list of hazardous wastes identified during site/vessel visit
	2.2	Detailed proposed hazardous waste handling procedures for each waste stream (liquid and solid), including the inventory process which will be used for tracking
	2.3	Proposed final destination of hazardous wastes.
	2.4	Detailed method(s) of proposed vessel demolition, including proposed equipment, location of demolition and method of transport prior to demolition.
	2.5	Detailed proposed method(s) of hauling/transporting debris and/or scrap from demolition site.
	2.6	Method of transport, including a detailed tow plan that will qualify for (or has received) U.S. Coast Guard approval.
	2.7	Dynamic vessel stability plan associated with vessel transport and demolition.
	2.8	Proposed final destination of non-hazardous materials, including proposed methods of handling asbestos, lead-based paints, and PCB's. Specific standards and procedures for material handling must be referenced.
	2.9	Site-specific safety analysis plans for vessel transport and demolition.
	2.10	Clean-up procedures of vessel location(s).
	2.11	Full and detailed Plan of Work, including elements listed above, that constitutes the total demolition proposal and includes acknowledgement that the four anchors and chain will be recovered intact and return to Global Diving and Salvage, Inc.
	2.12	Work Schedule with specific dates and timelines.
3. Management Proposal	3.1	Proposed management structure for the project, to include anticipated number of Contractor's personnel and their roles
	3.2	Names of sub-contractors to be used with contact information for each.

Element #		Element to be addressed
4. Compliance Statements	4.1	Compliance with proposed dates of work—statement that the Contractor has available personnel and equipment to complete the work within the designated period for contract
	4.2	Compliance with DNR's proposed payment terms and invoicing terms
	4.3	Compliance with the required insurance coverages and performance bond. Compliance with delivery of insurances and bond within 10 business days of notification of successful bid
5. Cost Proposal	5.1	Total cost of all work
	5.2	Itemized costs, including at least the following elements: personnel costs; sub-contractor costs; hazardous waste handling and disposal costs; landfill costs; anchor recovery and transport to owner, ancillary (yard and material) costs; offset value from scrap
	5.3	Any equipment or parts of the vessel the contractor wishes to keep and their proposed value
6. Vessel Visit Verification	6.1	Confirmation that a vessel visit was conducted—a blank verification slip will be attached to this RFP. The completed verification slip should be attached to the submitted proposal as element 6.1

Proposals that do not address all of the above elements will not be considered.

PROPOSAL EVALUATION: Correctly submitted proposals will be evaluated on the above elements only. Evaluation will score each proposal based on the following criteria:

- Technical proposal—elements 2.1 through 2.12 above 50%
- Cost proposal—elements 5.1 through 5.3 above 25%
- Management proposal—elements 3.1 through 3.2 above 15%
- Compliance statements—elements 4.1 through 4.3 above 5%
- Experience of the consultant—elements 1.1 through 1.3 above 5%

Bidders will be informed whether they submitted the apparent successful proposal by 5:00pm on Friday May 15th 2006.

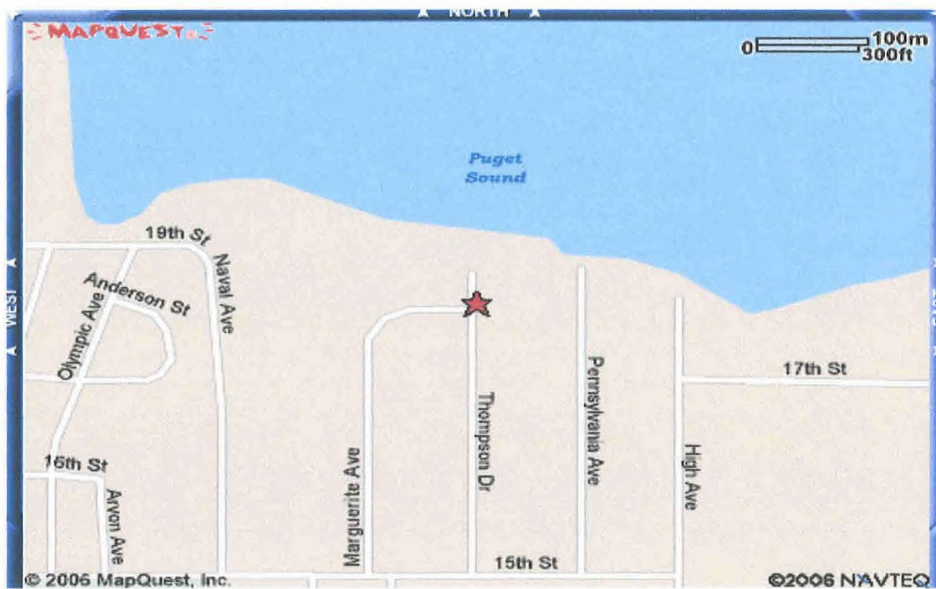
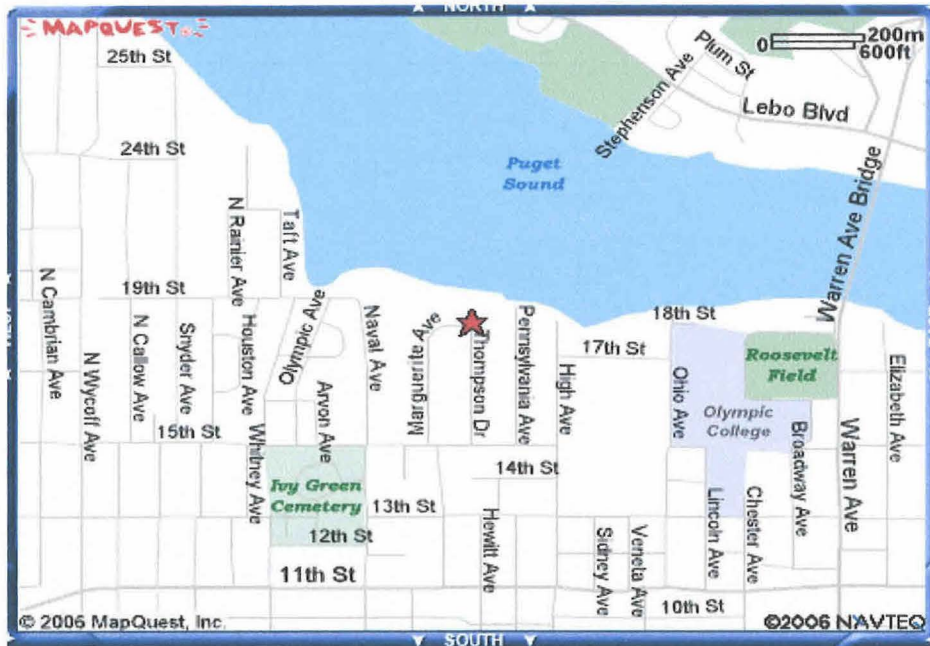
DEBRIEFING PERIOD: Unsuccessful bidders may request a debriefing. The request for debriefing must be made, in writing, within five business days of contract award. (Holidays are not included as business days). Note that all proposals submitted are subject to disclosure under the Public Records Act—RCW 42.17.250.

PROPOSALS COORDINATOR: The Proposals Coordinator is the sole point of contact in the DNR for this Project. All communication between the contractors and the DNR shall be with the Proposal Coordinator, as follows:

Name	Rick Mraz
Phone Number	(360) 902-1574
Fax Number	(360) 902-1786
Address	PO Box 47027
City, State, Zip Code	Olympia, WA 98504-7027
E-mail Address	<u>rick.mraz@wadnr.gov</u>

How to find M/V Fletcher J, a.k.a. KED

The vessel is offshore from the marked location. Access to the vessel is best attempted at higher tides. Boat launch facilities are located directly north on the north shore of the Port Washington Narrows at Lions Community Playfield or east of the site along the south shore at Evergreen Park (east of the Warren Avenue Bridge).



M/V Fletcher J





* View of deck from Pilot house.



- Other vessels shown in this photo are no longer present.